

Message Text

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PAGE 01 OECD P 03817 01 OF 02 061848Z

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ACTION EUR-12

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E.O. 11652: N/A

TAGS: ETRD, OECD

SUBJECT: TRADE COMMITTEE MEETING FEB. 3-4: RELATIONS
WITH LDC'S

1. SUMMARY: TC AGREED ON POTENTIAL IMPORTANCE OF CIEC AS ENERGIZING CENTER FOR MAKING PROGRESS ON DC/LDC TRADE ISSUES AND ON NEED TO DEVELOP GENERAL FORMULA FOR INTEGRATING LDC'S INTO WORLD TRADING SYSTEM. THE CONCEPT OF DIFFERENTIAL AND SPECIAL TREATMENT, COUPLED WITH THE NEED FOR LDC'S TO EVENTUALLY "PHASE IN" TO FULL OBLIGATIONS OF THE TRADING SYSTEM RECEIVED GENERAL SUPPORT, AND WORKING PARTY WILL CONTINUE ITS DISCUSSIONS OF THIS SUBJECT KEYED TO NEEDS OF MTN AND NORTH-SOUTH DIALOGUE. ON QUESTION OF "STANDSTILL", TC AGREED MAIN AVENUE WORTH EXPLORING WAS IN DIFFERENTIAL TREATMENT IN MANAGEMENT OF SAFEGUARD MEASURES. END SUMMARY.

2. ROLE OF TRADE IN CIEC: TC AGREED TRADE ISSUES WOULD PLAY IMPORTANT ROLE IN NORTH-SOUTH DIALOGUE AND THAT CIEC DEVELOPMENT COMMISSION COULD SERVE AS ENERGIZING CENTER
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PAGE 02 OECD P 03817 01 OF 02 061848Z

FOR MAKING PROGRESS ON TRADE ISSUES IMPORTANT TO DC-LDC

RELATIONS. SEVERAL DELS EXPRESSED SCEPTICISM HOWEVER THAT IT WOULD BE POSSIBLE TO ENERGIZE WORK IN OTHER FORUMS WITHOUT TO SOME EXTENT DUPLICATING WORK. US DEL OPENED DISCUSSION BY NOTING LDC'S COULD NO LONGER BE CONSIDERED RESIDUAL IN TERMS OF THEIR TRADE IMPORTANCE. IN ADDITION LDC'S HAD BECOME MORE VOCAL IN DEMANDS. IN US VIEW TRADE WAS IMPORTANT AVENUE FOR GENERAL INTEGRATION OF LDC'S INTO WORLD ECONOMY. CONCRETE RESULTS, INCLUDING THE "PHASING IN" OF LDC'S INTO FULL TRADE OBLIGATIONS, WOULD BE ACCOMPLISHED IN THE MTN. CIEC COULD SERVE AS AN ENERGIZING CENTER RATHER THAN A NEGOTIATING FORUM, AND WOULD NOT DUPLICATE WORK GOING ON ELSEWHERE. EC COMMISSION REP (PHAN VAN PHI) SAID HE SAW CIEC ROLE AS PRIMARILY ONE OF PROVIDING POLITICAL IMPULSE TO UNBLOCK ISSUES IN OTHER FORUMS. JAPANESE DEL (WADA) SUGGESTED ONE FUNCTION OF CIEC IN TRADE FIELD COULD BE KEEPING TRACK OF (AND MARKING UP CREDIT FOR) CONCESSIONS WHICH DC'S GAVE LDC'S IN OTHER FORUMS LIKE MTN, FOR USE IN POSSIBLE LINKAGE EXERCISES. FRENCH DEL (COLLIN) URGED FLEXIBILITY IN CONSIDERING WHAT COMMISSIONS MIGHT EVENTUALLY DO, NOTING THAT CIEC WAS TO LARGE EXTENT AN EXERCISE IN "DECONFRONTATION" AND THAT CLOSING OFF PARTICULAR AVENUES OF ACTIVITY SHOULD BE AVOIDED.

3. DIFFERENTIAL MEASURES: TC AGREED ON IMPORTANCE OF FINDING FORMULA FOR DEALING WITH LDC TRADE CONCERNS IN BOTH CIEC AND MTN. CONCEPT OF DIFFERENTIAL TREATMENT FOR LDC'S RECEIVED GENERAL SUPPORT, WITH RECOGNITION THAT THERE COULD BE NO AUTOMATIC FORMULA FOR SUCH TREATMENT, THAT IT SHOULD BE TEMPORARY, THAT SOME RECIPROCITY WOULD HAVE TO BE REQUIRED, AND THAT DIFFERENTIAL TREATMENT SHOULD NOT SERVE TO WEAKEN WORLD TRADING SYSTEM BUT ACT AS VEHICLE FOR "PHASING IN" LDC'S INTO FULL OBLIGATIONS OF SYSTEM. GROUP AGREED TO KEEP SUBJECT ON TC AGENDA

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PAGE 01 OECD P 03817 02 OF 02 061849Z

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AND TO ASK TCWP TO CONTINUE WORK BY EXAMINING TECHNICAL FEASIBILITY OF DIFFERENTIAL TREATMENT AND "PHASING IN" FOR PARTICULAR NTB'S, AND QUESTION OF APPROPRIATE RECIPROCITY. EC COMMISSION REP EMPHASIZED NEED TO ESTABLISH GENERAL RULES BEFORE QUESTION OF DIFFERENTIAL TREATMENT COULD BE GONE INTO DEEPLY AND ARGUED FOR TYING FUTURE WORK TIGHTLY TO PROGRESS IN MTN DISCUSSIONS. HE ALSO INDICATED IT SEEMED MOST REALISTIC FOR MOST NTB'S TO THINK IN TERMS OF WAIVERS FOR SPECIFIC INDUSTRIES RATHER THAN FOR WHOLE COUNTRIES. US DEL NOTED IMPORTANCE OF PHASING LDC'S INTO FULL OBLIGATIONS OF TRADING SYSTEM BOTH TO AVOID WEAKENING SYSTEM AND TO MAKE PROVISION OF DIFFERENTIAL TREATMENT POLITICALLY FEASIBLE. HE SUGGESTED FURTHER WORK SHOULD BE DONE ON TRANSITION TO FULL MEMBERSHIP IN SYSTEM AND AGREED WORKING PARTY MIGHT KEY FUTURE MEETINGS TO PACE OF CONCRETE WORK IN MTN. A NUMBER OF DELS EXPRESSED SUPPORT FOR "PHASING IN" CONCEPT AND NEED TO EXPLORE QUESTION OF LDC RECIPROCITY MORE DEEPLY. ON LATTER POINT UK AND CANADA NOTED THEIR LIMITED OFFICIAL USE

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PAGE 02 OECD P 03817 02 OF 02 061849Z

VIEW THAT ONLY PRACTICAL APPROACH WOULD BE ON A COUNTRY-BY-COUNTRY BASIS.

4. STANDSTILL: TC AGREED IT WAS VERY DIFFICULT TO SEE UTILITY OF ANY NEW STANDSTILL COMMITMENT AND THAT ONLY POSSIBILITY SEEMED TO LIE IN DIFFERENTIAL TREATMENT FOR LDC'S IN AREA OF SAFEGUARDS. WITH RESPECT TO LATTER, GROUP AGREED IT WAS HARD TO SEE HOW SAFEGUARDS COULD BE TRIGGERED IN DIFFERENTIAL MANNER FOR LDCS, BUT QUESTION OF MANAGEMENT OF SAFEGUARD MEASURES WAS WORTH EXPLORATION. SECRETARIAT WILL FORWARD NOTE WITH THESE CONCLUSIONS TO AD HOC HIGH LEVEL GROUP ON ECONOMIC RELATIONS

WITH LDCS.

5. PREFERENCES: TC ADOPTED REPORT OF GROUP ON PREFERENCES ON RELATIONSHIP BETWEEN GSP AND MTN AND AGREED TO SEND IT TO THE AD HOC HIGH LEVEL GROUP ON ECONOMIC RELATIONS WITH LDCS.

6. PREPARATION FOR UNCTAD IV: TC AGREED THAT TCWP COULD UNDERTAKE ANY GROUP B COORDINATION THAT GOVERNMENTS FEEL MIGHT BE DESIRABLE IN AREA OF COMMODITIES TO PREPARE FOR TRADE AND DEVELOPMENT BOARD AND UNCTAD IV. TURNER

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